

**Carl Moyer Memorial Air Quality Standards
Attainment Program**

AUDIT REPORT

**Tehama County Air Pollution Control District
Fiscal Years 2004/2005 – 2007/2008**

**Prepared by: Mobile Source Control Division
Air Resources Board
October 2009**

Acknowledgements

The ARB audit team wishes to thank the participating Tehama County APCD management and staff: Alan Abbs, Joe Sunday, Terri Brians, and Kristen Hall

The ARB staff included:

ARB management: Robert Cross, Scott Rowland, and Charles Kersey;
ARB Carl Moyer Program audit team: Verna Brock, John Ellis, Gerald Grauman,
Tim Hartigan, Liz Ota, Robin Myers, and Laura Zarembo-Schmidt (audit lead)
ARB Carl Moyer Program District liaison: Jennifer Kozumplik

Introduction

As part of the Air Resources Board's (ARB) ongoing review of the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program or CMP), ARB staff audited the Tehama County Air Pollution Control District (Tehama County APCD or District). The audit began in May 2009 with an entrance interview May 6, 2009, and was conducted in accordance with the "Audit Process for Rural Districts" in ARB's Audit Policies and Procedures. These procedures are viewable at ARB's website:

<http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>. This Audit reviewed program fundamentals; examined the use of public funds; and assessed whether emission reductions were real, quantifiable, and surplus. ARB conducted this review of the District's Carl Moyer Program as part of its oversight responsibility specified in Health and Safety Code section 44291(d). The exit interview, reviewing the audit findings and recommendations was held on August 8, 2009.

1. Overall Assessment:

ARB found that the Carl Moyer Program, as implemented by the Tehama County APCD, is achieving the expected emission reductions and is generally in compliance with State requirements. The audit resulted in findings associated with the fiscal aspect of the District's Carl Moyer Program. In Fiscal Year (FY) 2004/2005, there was a reconciliation issue with program records and fiscal records. No further action is required since the District has already mitigated the finding. In a FY 2004/2005 Rural Assistance Program [CMP(RAP)] project was completed, but funds were expended late. There is no requirement to mitigate this finding (see Table 4 below).

2. Scope of the Audit: FY 2004/2005 through FY 2007/2008

The scope of the audit covered fiscal years 2004/2005 through 2007/2008. During this period, the District accepted the Carl Moyer Program's minimum allocations and obtained waivers of the match funding requirement. In FY 2005/2006, the District did not accept Carl Moyer Program funds directly but did accept Carl Moyer Program funds administered through the CMP(RAP). The District also accepted CMP(RAP) funds in FY 2004/2005. Table 1 identifies the project and administration funds the District received for both the CMP and CMP(RAP).

Table 1: Tehama County APCD Program Funds*

FY	Program	Project	Administration	Total Grant	Returned to CMP(RAP)
2004/2005 *	CMP	\$200,000.00	\$4,630.00	\$204,630.00	\$137,045.00
2004/2005 *	CMP(RAP)	\$152,380.00	\$5,093.50	\$157,473.50	\$ 21,692.00
2005/2006	CMP	District did not participate			
2005/2006	CMP(RAP)	\$ 88,776.00	\$ 1,307.00	\$ 90,083.00**	
2006/2007	CMP	\$180,000.00	\$20,000.00	\$200,000.00	
2007/2008	CMP	\$180,000.00	\$20,000.00	\$200,000.00	

Note: *Interest not included in table; **Project dropped out and funds applied to District's FY 2007/2008

3. Summary of District Projects Funded and Selected for File Review

The District funded projects in two source categories during the scope of this audit, on-road and agricultural pumps. Table 2 lists a summary of the projects funded by the District with CMP(RAP) or CMP funds.

Table 2: Tehama County APCD Carl Moyer Projects

Program	Source Category	FY 2004/2005	FY 2005/2006	FY 2007/2008	FY 2008/2009	Total
CMP	Agricultural pump	5	0	10	8	23
	On-road	0	0	0	0	0
CMP(RAP)	Agricultural pump	2	5	0	0	7
	On-road	9	1	0	0	10
Total		16	6	10	8	40

Table 3 provides a list of project files reviewed by the audit team. These files were selected to provide a sample of the District's projects. Five projects were selected: four agricultural pumps and one on-road project. Projects were a mix of both CMP(RAP) and CMP funded projects.

Table 3: List of Projects Reviewed

Project Name	Project Number	FY	Funding Type	Source Category
Cotton Bow Ranch	12	2004/2005	CMP(RAP)	Agricultural Pump
Smith Ranches	8-010	2005/2006	CMP(RAP)	Agricultural Pump
Lassen Forest Prods	2008-CAPCOA	2005/2006	CMP(RAP)	On-road
Crain Ranch	319-2007	2006/2007	CMP	Agricultural Pump
Pacific Farms	10-007	2007/2008	CMP	Agricultural Pump

4. Findings, Conditions, and Required Actions

Table 4 describes the audit findings, conditions, and the required district actions.. "Findings" are brief descriptions of the District's practices that are inconsistent with one or more of the following:

- State requirements under Health and Safety Code sections 44275 through 44299.2.
- Carl Moyer Program Guidelines (2003 and 2005 versions) (<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>).
- Carl Moyer Program advisories.
- Grant Award and Authorization requirements.
- Tehama County APCD's written policies and procedures, including its contracts with the engine owners/grant recipients.

"Conditions" are the more detailed descriptions of the District's practices observed by ARB audit staff during the audit. "Required Actions" are the minimum actions the District must take to mitigate the findings.

Table 4: Findings, Conditions, and Required Action

Finding 1	Unreconciled Funds between Program and Fiscal Staff	Required Action
Condition	<p>District program and fiscal records showed different expenditure amounts for three FY 2004/2005 projects (Crain Ranch, Vina Orchards, and Richard Conte). Program records showed payment with Carl Moyer Program funds only. Fiscal records showed that the projects had been paid for with both Carl Moyer Program and District funds, leaving unspent Carl Moyer Program funds.</p> <p>In FY 2004/2005, the District did not have a segregated account for Carl Moyer Funds. The District has since changed their accounting practices and has a dedicated Carl Moyer Fund Account with the County, which facilitates fiscal tracking and reconciliation.</p>	<p>No further action is required to mitigate this audit finding. The District reclassified the projects in their accounting system as being paid fully from Carl Moyer Program funds.</p>
Finding 2	Complete, but late, expenditure of Rural Assistance Program Funds	Required Action
Condition	<p>The District expended funds for a FY 2004/2005 CMP(RAP) project (Cotton Bow Ranch) in October 2007, approximately 4 months after the expenditure deadline of June 30, 2007 [2005 Carl Moyer Guidelines, Program Administration, Section F]. The District received the funds from ARB in mid-June 2007. Project completion was delayed pending contract execution and work to be performed by PG&E as part of the Agricultural Internal Combustion Engine Conversion Incentive Program (AG-ICE).</p> <p>The District has met all subsequent expenditure deadlines.</p>	<p>No mitigation is required.</p> <p>ARB has revised the CMP (RAP) process to ensure that when districts accept funds they have more time to expend them.</p>

5. Recommendations

The District should consider improving the current implementation of the Carl Moyer Program as noted in Table 5. These recommendations do not require a response from the District, although it may choose to comment in its written response to this audit report.

Table 5: Audit Recommendations

Recommendation 1: Include Engine Identification Labels in Inspection Photos
<p>The District's project photos will be more useful if the District photographs the engine identification labels (i.e. make, model, engine family name, and serial number, etc). Most digital cameras have a function for close-up shots.</p>

6. Resources

1. Air Resources Board Carl Moyer Program Website
<http://www.arb.ca.gov/msprog/moyer/moyer.htm>
2. Air Resources Board Incentives Oversight Audit Website
(Includes previous reports and Audit Policies and Procedures)
<http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>